

2025

Ocala Community Redevelopment Agency

Financial Statements and
Independent Auditor's Report

September 30, 2025

PURVIS GRAY
CERTIFIED PUBLIC ACCOUNTANTS

**OCALA COMMUNITY REDEVELOPMENT AGENCY
OCALA, FLORIDA**

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

SEPTEMBER 30, 2025

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INDEPENDENT AUDITOR'S REPORT

The Honorable Members of the City Council
Ocala Community Redevelopment Agency
Ocala, Florida

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the Ocala Community Redevelopment Agency (the CRA), a component unit of the City of Ocala, Florida (the City), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the CRA's financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the CRA as of September 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the CRA, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the CRA's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance

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and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the CRA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the CRA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A) and the budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the MD&A and the budgetary comparison information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the

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information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the MD&A and the budgetary comparison information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2026, on our consideration of the CRA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the CRA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the CRA's internal control over financial reporting and compliance.

Purvis Gray

March 27, 2026
Ocala, Florida

**OCALA COMMUNITY REDEVELOPMENT AGENCY
CITY OF OCALA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025**

This supplement to the Independent Auditor's Report and Financial Statements has been developed in accordance with Governmental Accounting Standards Board Statement No. 34. It is intended to provide the readers of this report with a general overview of the financial activities of the Ocala Community Redevelopment Agency (the CRA). The CRA provides the following discussion and analysis of the CRA's financial activities for the fiscal year ended September 30, 2025. Management's Discussion and Analysis is designed to: (a) assist the reader to focus on significant financial issues, (b) provide an overview of the CRA's financial activities, (c) identify changes in the CRA's financial position, (d) identify material deviations from the financial plan, and (e) identify individual fund issues or concerns. We encourage readers to consider the information presented here in conjunction with the CRA's financial statements.

The CRA

The CRA is comprised of four subareas: Downtown, North Magnolia, West Ocala, and East Ocala. The CRA was created pursuant to Chapter 163.356, Florida Statutes, City Ordinance 2009, and City Resolutions 88-37, 88-52, and 89-44. The West Ocala and East Ocala subareas were created by the revised City Ordinance 2016-2 and City Resolutions 2016-1 and 2016-4. The Governing Board of the CRA is the City Council (the Council). The City of Ocala, Florida (the City) is responsible for the CRA's operations; therefore, the City exercises significant influence over its operations and fiscal management. The CRA is considered a component unit for financial reporting purposes and is presented as a blended major governmental fund within the City's overall basic financial statements.

The financial statements are presented for the purpose of complying with state law, specifically Florida Statutes, Section 163.387(8)(a), which requires separate audited financial statements for each Ocala Community Redevelopment Agency that has revenues or expenditures that exceed \$100,000.

Financial Highlights

- The assets of the CRA exceeded its liabilities at the close of the most recent fiscal year by \$9,480,235.
- The CRA's fund balance increased by \$4,370,002 as a result of 2025 operations.
- Revenues for fiscal year 2025 were \$2,654,816, while expenditures totaled \$1,228,504. In addition, the CRA transfers funds to the City's general fund to cover the payroll-related expenditures and liabilities, which are allocated to the CRA based on the actual work performed by the City employees. Transfers for fiscal year 2025 totaled \$81,361.
- For the period ended September 30, 2025, actual revenues were more than budgeted revenues by \$693,793, while actual expenditures were \$9,832,900 less than budgeted expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the CRA's basic financial statements, which are comprised of the following four (4) components:

- Government-Wide Financial Statements
- Fund Financial Statements
- Notes to the Financial Statements
- Required Supplementary Information

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the CRA's finances, in a manner similar to a private-sector business.

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The *Statement of Net Position* presents financial information on all of the CRA's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the CRA is improving or deteriorating.

The *Statement of Activities* presents information showing how the CRA's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements listed above distinguish functions of the CRA that are principally supported by ad-valorem taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all, or a significant portion, of their costs through user fees and charges (*business-type activities*). The governmental activity of the CRA is community redevelopment.

The government-wide financial statements include only the activities of the CRA. However, the CRA is considered a blended component unit the City and, as such, the financial information of the CRA is included in the City's Annual Comprehensive Financial Report for each fiscal year.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The CRA uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the CRA's *near-term* financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the CRA's *near-term* financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Special Revenue Funds

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The CRA's expendable financial resources and the related liabilities are accounted for through a special revenue fund.

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CITY OF OCALA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Restricted Fund Balance

Fund balance should be reported as *restricted* when constraints are placed on the use of resources such as enabling legislation, which authorizes the government to access, levy, charge, or otherwise mandate payment of resources.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

Included in this section of the report is the Budgetary Comparison Schedule.

Government-Wide Financial Analysis

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of the CRA's financial position. In the case of the CRA, assets exceeded liabilities by \$9,480,235 (net position) as of the close of the most recent fiscal year, an increase of \$4,370,002 compared to the prior year. This increase was primarily due to significant budgeted project expenditures not occurring in the prior year.

The following table reflects a summary of the *Statement of Net Position* for the current and prior year:

| Ocala Community Redevelopment Agency | | |
|--|---------------------|---------------------|
| | 2025 | 2024 |
| Assets | | |
| Equity in Pooled Cash and Investment Fund | \$ 15,152,605 | \$ 11,156,930 |
| Accrued Interest Receivable | 55,794 | 44,855 |
| Prepays | 828 | 395 |
| Total Assets | 15,209,227 | 11,202,180 |
| Liabilities and Fund Balances | | |
| Liabilities | | |
| Accounts Payable and Accrued Liabilities | 128,992 | 91,947 |
| Due to Primary Government | 400,000 | 400,000 |
| Interfund Advances Payable to Primary Government | 5,200,000 | 5,600,000 |
| Total Liabilities | 5,728,992 | 6,091,947 |
| Net Position | | |
| Restricted | 9,557,426 | 7,063,236 |
| Unrestricted | (77,191) | (1,953,003) |
| Total Net Position | \$ 9,480,235 | \$ 5,110,233 |

**OCALA COMMUNITY REDEVELOPMENT AGENCY
CITY OF OCALA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025**

Statement of Activities

The following table reflects the *Statement of Activities* for the current and prior year:

| | 2025 | 2024 |
|--|---------------------|---------------------|
| Ocala Community Redevelopment Agency | | |
| Revenues | | |
| Property Tax | \$ 1,961,024 | \$ 1,665,227 |
| Investment Income (Loss) | 693,759 | 843,231 |
| Miscellaneous | 33 | 19,995 |
| Total Revenues | 2,654,816 | 2,528,453 |
| Expenses | | |
| Current: | | |
| Economic Environment | 1,057,863 | 596,223 |
| Total Expenses | 1,057,863 | 596,223 |
| Excess of Revenues Over Expenses | 1,596,953 | 1,932,230 |
| Transfers and Capital Contributions | | |
| Transfers in from Primary Government | 3,025,051 | 2,588,754 |
| Transfers out to Primary Government | (81,361) | (91,573) |
| Capital Outlay Contributed to Primary Government | (170,641) | (1,053,900) |
| Total Transfers and Capital Contributions | 2,773,049 | 1,443,281 |
| Net Change in Net Position | 4,370,002 | 3,375,511 |
| Net Position, Beginning of Year | 5,110,233 | 1,734,722 |
| Net Position, End of Year | \$ 9,480,235 | \$ 5,110,233 |

As of the end of the fiscal year 2025, the CRA's net position was \$9,480,235, an increase of \$4,370,000 from the prior year. This increase was attributed to various construction projects that were expected, but the related expenses did not occur yet in the current year and are expected to be completed in future years.

Financial Analysis of the CRA's Funds

Governmental Funds

The focus of the CRA's *governmental funds* is to provide information on *near-term* inflows, outflows, and balances of *spendable resources*. Such information is useful in assessing the CRA's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The CRA's fund balance of \$9,556,598 is restricted for redevelopment projects within the CRA district. Additionally, \$828 is reported as non-spendable. The deficit fund balance of \$77,191 is unrestricted.

Property taxes totaling \$4,986,075 represented approximately 88% of all revenues and transfers in. This amount includes both Marion County and the City's portion of the tax increment financing revenues, which amounts to \$1,961,024 and \$3,025,051, respectively. Property tax revenue increased \$732,094, or 17% from the previous year. The increase in tax increment financing revenues received by the CRA in the current year resulted from increased property values within the CRA district.

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Capital Assets and Debt Administration

The CRA's capital assets are considered to be property of the City and, therefore, are included as capital assets in the City's government-wide financial statements. Capital asset activity for the year ended September 30, 2025, can be found in the City's audited financial statements.

The CRA has two interfund advances payable, involving the West Ocala and Downtown subareas and multiple funds of the City. The interfund advances payable are related to redevelopment projects within each subarea's boundaries. Additionally, both interfund advances payable were approved through City Budget Resolutions. For further detail regarding the CRA's interfund advances payable, see Note 5.

Budgetary Highlights

An annual budget is prepared for the CRA and approved by the Council and adopted through a Budget Resolution. The legal level of control is maintained at the fund level. During 2025, the Council approved a supplemental budget appropriation to provide for unanticipated requirements of the period. This appropriation caused an increase from the original budget of \$7,069,164 for expenditures, and a decrease of \$8,759 for total revenues. Budget appropriations may not be legally exceeded on a fund basis. Appropriations lapse at the end of the fiscal year. The budget is adopted on a basis consistent with generally accepted accounting principles.

Economic Factors and Future Developments

The CRA will continue to plan projects and infrastructure improvements that align with its redevelopment priorities for the designated subareas within the district. The CRA will continue to implement the community's shared development goals through its redevelopment strategies and critical tasks.

Request for Information

This financial information is designed to present users with a general overview of the CRA's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, 201 SE 3rd Street, Ocala, Florida 34471, or telephone (352) 629-2489.

FINANCIAL STATEMENTS

OCALA COMMUNITY REDEVELOPMENT AGENCY
STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET
SEPTEMBER 30, 2025

| | Special Revenue Fund | Adjustments (Note 2) | Statement of Net Position |
|--|---------------------------------|---------------------------------|--------------------------------------|
| Assets | | | |
| Equity in Pooled Cash and Investment Fund | \$ 15,152,605 | \$ - | \$ 15,152,605 |
| Accrued Interest Receivable | 55,794 | - | 55,794 |
| Prepays | 828 | - | 828 |
| Total Assets | <u>15,209,227</u> | <u>-</u> | <u>15,209,227</u> |
| Liabilities | | | |
| Accounts Payable and Accrued Liabilities | 128,992 | - | 128,992 |
| Due to Primary Government | 400,000 | - | 400,000 |
| Interfund Advances Payable to Primary Government | 5,200,000 | - | 5,200,000 |
| Total Liabilities | <u>5,728,992</u> | <u>-</u> | <u>5,728,992</u> |
| Fund Balance | | | |
| Non-Spendable | 828 | (828) | - |
| Restricted | 9,556,598 | (9,556,598) | - |
| Unassigned | (77,191) | 77,191 | - |
| Total Fund Balance | <u>9,480,235</u> | <u>(9,480,235)</u> | <u>-</u> |
| Total Liabilities and Fund Balance | <u>\$ 15,209,227</u> | | |
| Net Position | | | |
| Restricted for: | | | |
| Community Redevelopment Projects | | 9,557,426 | 9,557,426 |
| Unrestricted | | (77,191) | (77,191) |
| Total Net Position | | <u>\$ 9,480,235</u> | <u>\$ 9,480,235</u> |

See accompanying notes.

OCALA COMMUNITY REDEVELOPMENT AGENCY
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
SEPTEMBER 30, 2025

| | <u>Special Revenue Fund</u> | <u>Adjustments (Note 2)</u> | <u>Statement of Activities</u> |
|---|---------------------------------|---------------------------------|------------------------------------|
| Revenues | | | |
| Property Taxes | \$ 1,961,024 | \$ - | \$ 1,961,024 |
| Investment Income | 693,759 | - | 693,759 |
| Miscellaneous | 33 | - | 33 |
| Total Revenues | <u>2,654,816</u> | <u>-</u> | <u>2,654,816</u> |
| Expenditures/Expenses | | | |
| Current: | | | |
| Economic Environment | 977,863 | - | 977,863 |
| Capital Outlay | 170,641 | (170,641) | - |
| Debt Service: | | | |
| Interest | 80,000 | - | 80,000 |
| Total Expenditures/Expenses | <u>1,228,504</u> | <u>(170,641)</u> | <u>1,057,863</u> |
| Excess of Revenue Over Expenditures/Expenses | <u>1,426,312</u> | <u>170,641</u> | <u>1,596,953</u> |
| Other Financing Sources (Uses) | | | |
| Capital Outlay Contributed to Primary Government | - | (170,641) | (170,641) |
| Transfers in from Primary Government | 3,025,051 | - | 3,025,051 |
| Transfers out to Primary Government | (81,361) | - | (81,361) |
| Total Other Financing Sources (Uses) | <u>2,943,690</u> | <u>(170,641)</u> | <u>2,773,049</u> |
| Net Change in Fund Balance/Net Position | 4,370,002 | - | 4,370,002 |
| Fund Balance/Net Position, Beginning of Year | <u>5,110,233</u> | <u>-</u> | <u>5,110,233</u> |
| Fund Balance/Net Position, End of Year | <u>\$ 9,480,235</u> | <u>\$ -</u> | <u>\$ 9,480,235</u> |

See accompanying notes.

NOTES TO FINANCIAL STATEMENTS
OCALA COMMUNITY REDEVELOPMENT AGENCY
OCALA, FLORIDA
SEPTEMBER 30, 2025

Note 1 - Summary of Significant Accounting Policies

The Ocala Community Redevelopment Agency's (the CRA) financial statements are prepared in accordance with generally accepted accounting principles, as applicable to governments. The following is a summary of the more significant policies:

Reporting Entity

The CRA was created pursuant to Chapter 163.356, Florida Statutes, City Ordinance 2009, and City Resolutions 88-37, 88-52, and 89-44. The West Ocala and East Ocala subareas were created by the revised City Ordinance 2016-2 and City Resolutions 2016-1 and 2016-4. The purpose of the CRA is to establish the redevelopment priorities and carry out the activities for the designated geographic boundaries within the CRA subareas. The Governing Board of the CRA is the City Council (the Council). The City of Ocala, Florida (the City) is responsible for the CRA's operations; therefore, the City exercises significant influence over its operations and fiscal management. The CRA is considered a component unit for financial reporting purposes and is presented as a blended major governmental fund within the City's overall basic financial statements.

Financial Statements

The financial statements are presented for the purpose of complying with state law, specifically Florida Statutes, Section 163.387(8)(a), which requires separate audited financial statements for each Community Redevelopment Agency that has revenues or expenditures that exceed \$100,000.

Entity-wide financial statements are prepared at the City-wide level by the City and include the CRA. Copies of that report can be obtained from the City's Office of Budget and Finance.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting, except for debt service expenditures, which are recorded only when payment is due.

Considering that the fund statements are presented on a different measurement focus and basis of accounting than the government-wide governmental activities column, a reconciliation is sometimes necessary to explain the adjustments needed to reconcile the fund based financial statements to the governmental activities column of the government-wide presentation.

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Tax increment financing revenue, when levied for, and interest associated with the current fiscal period, are both considered to be measurable and have been recognized as revenues of the current fiscal year, if available.

When both restricted and unrestricted resources are available for use, it is the CRA's policy to use restricted resources first, and then unrestricted resources as they are needed.

The special revenue fund is used to account for all financial resources received by the CRA. The special revenue fund serves as the primary operating fund of the CRA. The CRA does not have any non-major funds.

Budgetary Requirements

An annual budget is prepared for all funds of the City, including the CRA. The budget amounts presented in the accompanying financial statements are as originally adopted, or as legally amended, by the Council during the year ended September 30, 2025. The City Manager is authorized to transfer budgeted amounts within the fund; however, any budget amendments that alter the total expenditures of the fund must be approved by the Council. During 2025, the Council approved supplemental budget appropriations to provide for unanticipated requirements of the period. Budget appropriations may not be legally exceeded on a fund basis. Appropriations lapse at the end of each fiscal year. The budget is adopted on a basis consistent with generally accepted accounting principles. The budgetary comparisons reflect only those activities for which legally adopted budgets are prepared. For the year ended September 30, 2025, no expenditures exceeded the budget at the fund level for the CRA.

Assets, Liabilities, and Net Position

Equity in Pooled Cash and Investments

The CRA participates in the City's pooled cash investment fund, which allows the CRA to pool monies with the various funds of the City for investment purposes. Interest income earned as a result of pooling is allocated to the CRA based on its equity in the pool at the end of each month. All investments are stated at fair value, based on quoted market prices at the end of the fiscal year.

Capital Assets

Capital assets include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items). The CRA's capital assets are considered to be property of the City and, therefore, are included as capital assets in the City's government-wide financial statements. Capital asset activity for the year ended September 30, 2025, can be found in the City's audited financial statements. As the capital assets are retained by the City, the CRA contributes capital to the general fund for capital outlay related to the CRA's redevelopment and infrastructure projects.

Interfund Activity and Contributions

During the course of normal operations, the CRA has various transactions with other funds. Interfund transactions are reflected as loans or transfers. Loans are reported as receivables and payables as appropriate and are subject to elimination upon consolidation. Interfund payables and receivables are non-interest bearing. Interfund advances are liquidated in accordance with the Council's resolution and

NOTES TO FINANCIAL STATEMENTS
OCALA COMMUNITY REDEVELOPMENT AGENCY
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SEPTEMBER 30, 2025

may bear interest. All other interfund transactions are treated as transfers. Transfers between the CRA and other governmental or proprietary funds are netted as part of the City's reconciliation to the government-wide presentation. For further detail, see Note 5.

The CRA transfers funds to the general fund to cover a portion of payroll-related expenses and liabilities incurred by City employees for work performed for the CRA.

Capital outlay is contributed by the CRA to the general fund for capital outlay incurred for the CRA's redevelopment and infrastructure projects.

Nature and Purpose of the Fund Balance

In the fund financial statements, the governmental fund reports fund classifications that comprise a hierarchy based primarily on the extent to which the CRA is bound to honor constraints on the specific purposes for which amounts in the fund can be spent. Amounts that are restricted to specific purposes either by: a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation, are classified as restricted fund balances. Amounts that can only be used for specific purposes pursuant to constraints imposed by the Council through an ordinance or resolution are classified as committed fund balances. Amounts that are constrained by the CRA's intent to be used for specific purposes, but are neither restricted nor committed, are classified as assigned fund balances. Assignments are made by the Council or the City Manager. Non-spendable fund balances include amounts that cannot be spent because they are either: a) not in spendable form, or b) legally or contractually required to be maintained intact. Unassigned fund balance represents fund balance that is not restricted, committed, or assigned to specific purposes within the CRA.

Unspent tax increment financing revenues are restricted for future redevelopment projects and are reported as restricted fund balance in the financial statements. Unassigned fund balance, if any, represents fund balance that has not been restricted, committed, or assigned to specific purposes within the CRA.

Net Position

The government-wide statements utilized a net position presentation. Restricted net position are unspent tax increment financing revenues that are restricted for future redevelopment projects. Unrestricted net position represents the net position of the CRA that is not restricted for any project or purpose.

Other Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS
OCALA COMMUNITY REDEVELOPMENT AGENCY
OCALA, FLORIDA
SEPTEMBER 30, 2025

Payroll-Related Expenses and Liabilities

The employees that manage or are involved in day-to-day operations of the CRA are employees of the City. The actual payroll-related expenses and liabilities of these employees are covered by the CRA through a transfer of funds to the general fund. The payroll expenses for the fiscal year ended September 30, 2025, are reported in the City's audited financial statements.

Note 2 - Explanation of Certain Differences Between the Government-Wide and Fund Financial Statements

Statement of Net Position and Governmental Fund Balance Sheet

The statement of net position and governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net position of governmental activities as reported in the government-wide statement of net position.

Statement of Activities and Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance

The statement of activities and governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation between the capital outlay of the governmental fund and the capital outlay contributed to the primary government as reported in the government-wide statement of activities.

Note 3 - Cash, Cash Equivalents, and Investments

Equity in Pooled Cash and Investments

The CRA participates in the City's cash and investment pool. At September 30, 2025, the carrying amount of the CRA's deposits was \$15,152,605. The City's deposits, consisting of interest and non-interest-bearing accounts, are entirely insured by federal deposit insurance or by collateral held by the City's agent pursuant to the *Florida Security for Public Deposits Act* (the Act) as required by Chapter 280, Florida Statutes. Additionally, the City's deposits are held by a bank that qualifies as a public depository, pursuant to the same Act. All qualified public depositories must deposit with the State Treasurer eligible collateral in such amounts as required by the Act. Qualified public depositories are required to assume mutual responsibility against loss caused by default or insolvency of other qualified public depositories.

Cash equivalents consist of:

- Amounts placed with the State Board of Administration (SBA) for participation in the Local Government Surplus Funds Trust Fund are reported at net asset value (NAV). As of September 30, 2025, the Florida PRIME investment pool had a weighted average maturity of 47 days and is reported at amortized cost under Governmental Accounting Standards Board (GASB) Statement No. 79. There are no withdrawal restrictions, but the executive director may temporarily limit transactions for up to 48 hours in the event of liquidity or operational disruptions.

NOTES TO FINANCIAL STATEMENTS
OCALA COMMUNITY REDEVELOPMENT AGENCY
OCALA, FLORIDA
SEPTEMBER 30, 2025

- Investments in the Florida Fixed Income Trust (FL-FIT) and Florida Surplus Asset Fund Trust (FL SAFE) follow Florida Investment Statutes and aim to provide stable returns with low volatility. FL SAFE investments qualify for amortized cost measurement under GASB Statement No. 79 and are not subject to fair value hierarchy under GASB Statement No. 72. The trustees may temporarily suspend redemptions under specific conditions, such as national emergencies or market disruptions, but this does not affect ownership or accrued interest. Participants may withdraw redemption requests or receive payment based on the post-suspension NAV.

Investments

The CRA's investments follow the City's investment guidelines, as defined by the City Ordinance and the written investment policy that is approved by the Council. The investment policy specifies limits by instrument and issuer (within instrument) and establishes a diversified investment strategy, minimum credit quality, and authorized institutions available as counterparties. Implementation and direction of investment strategies, within policy limits, are established by an internal investment committee and managed by external financial manager.

The fair values of the CRA's fixed maturity investments fluctuate in response to changes in market interest rates. Increases in prevailing interest rates generally translate into decreases in fair values of those instruments. Fair values of interest rate-sensitive instruments may also be affected by the credit worthiness of the issuer, prepayment options, relative values of alternative investments, the liquidity of the instrument, duration of the instrument, and other general market conditions.

A. Derivatives

The CRA has no derivative instruments in its portfolio at September 30, 2025. Pursuant to the City's investment policy guidelines, derivative instruments are authorized, but limited in use if only the Chief Financial Officer has sufficient understanding or expertise.

B. General Investment Guidelines

The City's comprehensive investment policy was adopted on December 8, 1992, and amended on September 5, 1995 and September 17, 2013. Pursuant to Section 218.415, the investment policy establishes permitted investments, asset allocation limits, issue limits, credit rating requirements, and maturity limits to protect the cash and investment assets. The City's investment policy allows for the following investments: local government investment pools, United States government securities, United States government agency securities, federal instrumentalities, interest-bearing time certificates of deposit or saving accounts, repurchase agreements, commercial paper, bankers' acceptances, state and/or local government taxable and/or tax exempt debt, money market mutual funds, intergovernmental investment pools, corporate obligations or corporate notes, collateralized mortgage obligations, mortgage-backed securities, asset-backed securities, Yankee securities, Eurodollar securities, money market mutual funds, bond funds, and any investment security authorized by Florida Statute 218.415.

The City's investment policy also requires that investments be rated as follows: corporate notes, state and local government debt, general obligation or revenue bonds rated BBB by Standard & Poor's (S&P) or Moody's Rating Services (Moody's); commercial paper rated at least Prime-2 by Moody's or A-3 by S&P; mortgage and ABS rated AAA or equivalent by Moody's or S&P; or money market mutual funds comprised of only those investment instruments authorized in the policy. The City's policy does not require a minimum rating for U.S. Government securities, agencies, or federal instrumentalities.

NOTES TO FINANCIAL STATEMENTS
OCALA COMMUNITY REDEVELOPMENT AGENCY
OCALA, FLORIDA
SEPTEMBER 30, 2025

C. Third-Party Portfolio Managers

Pursuant to the City’s investment policy, third-party managers were set up in the following investment pool tiers:

- Pool I (short-term investments) duration of one to three years.
- Pool II (short intermediate investments) duration of one to five years.
- Pool III (intermediate investments) duration of one to ten years.

The City’s independent advisors provide performance measurement services, which: (a) compares individual manager performances to their respective monthly index, (b) compares manager performance to their respective industry peer group quarterly, and (c) reviews portfolio compliance. Each manager has a goal of exceeding their respective benchmark, net of fees, over a market cycle. Each manager has an individual policy limitation that, when combined, does not exceed 10% for each sector. The effective duration of the portfolio shall not exceed 120%, nor be less than 50% of the target benchmark.

The benchmarks for each portfolio were chosen to better reflect the investments held in the account. Pool I is measured against Bank of America Merrill Lynch 1-3 Year Unsubordinated U.S. Treasury/Agencies index, Pool II is benchmarked against Bank of America Merrill Lynch 1-5 Year Government/Corporate index, and Pool III is compared to the Bank of America Merrill Lynch 1-10 Year Domestic Master index.

| Security Type | Average Rating | Fair Value | Effective Duration |
|-------------------------------|----------------|----------------------|--------------------|
| Carrying Value of Cash | N/A | \$ 2,512,542 | N/A |
| Treasury Investment Portfolio | AA+ | 7,007,712 | 2.51 years |
| SBA Florida PRIME | AAA | 1,046,326 | 47 days |
| FL-FIT | AAAF/S1 | 1,031,194 | 62 days |
| FL SAFE | AAA | 1,587,526 | 41 days |
| Truist Sweep | N/A | 1,967,305 | N/A |
| Total | | \$ 15,152,605 | 1.21 years |

The CRA utilizes “effective duration” as a measurement of interest rate risk and as of September 30, 2025, the Treasury investment portfolio had an overall effective duration of 1.21 years. The Treasury investment portfolio had the following investment types and effect duration presented in terms of years at September 30, 2025.

| Security Type | Average Rating | Fair Value | Weighted Average Maturity Years |
|--|----------------|---------------------|---------------------------------|
| U.S. Treasury Bond/Note | AA+ | \$ 3,156,570 | 2.47 |
| Federal Agency Bond/Note | AA | 460,189 | 1.53 |
| Mortgage Backed Pass-Through Security | AA+ | 813,942 | 6.55 |
| Corporate Notes | A+ | 1,936,398 | 2.13 |
| ABS/CMBS | AAA | 551,285 | 0.75 |
| GSE Collateralized Mortgage Obligations | AA | 4,377 | 8.36 |
| Municipal Bond/Note | AA+ | 22,622 | 4.90 |
| Money Market Mutual Fund | A-1 | 62,329 | 0.00 |
| Total Treasury Portfolio - Pools I, II, and III | | \$ 7,007,712 | 2.50 |

NOTES TO FINANCIAL STATEMENTS
OCALA COMMUNITY REDEVELOPMENT AGENCY
OCALA, FLORIDA
SEPTEMBER 30, 2025

D. Interest Rate Risk

Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's fair value.

The City's investment policy sets limits for investment maturities to match known cash needs and anticipated cash flow requirements. Investments of bond reserves, construction funds, and other non-operating funds, "core funds," shall have a term appropriate to the need for the funds and in accordance with debt covenants, but in no event shall exceed seven years. No more than 50% of the City's total investment portfolio shall be placed in securities maturing more than three years.

E. Credit Risk

Credit risk is the risk that an issuer of a debt security will not fulfill its obligation to the holder of the investment. This risk is measured by the assignment of a rating to each debt security by a nationally recognized credit rating agency. The City's investment policy limits investments to those described above.

F. Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the CRA will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The City's investment policy, pursuant to Section 218.415(18), Florida Statutes, requires securities, except for certificates of deposits, shall be held with a third-party custodian; and all securities purchased by, and all collateral obtained by the City should be properly designated as an asset of the City. The securities must be held in an account separate and apart from the assets of the financial institution. A third-party custodian is defined as any bank depository chartered by the federal government, the State of Florida, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts, and which is doing business in the State of Florida. Certificates of deposits will be placed in the provider's safekeeping department for the term of the deposit.

As of September 30, 2025, the CRA's investment portfolio was held with a third-party custodian as required by the City's investment policy.

G. Concentration of Credit Risk

Assets held are diversified to control the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer, a specific instrument, a class of instruments, or a dealer through whom these instruments are bought and sold.

The City's investment policy has established asset allocation and issuer limits on the following investments, which are designed to reduce concentration of credit risk of the CRA's investment portfolio and must be observed by investment managers.

NOTES TO FINANCIAL STATEMENTS
OCALA COMMUNITY REDEVELOPMENT AGENCY
OCALA, FLORIDA
SEPTEMBER 30, 2025

| | Sector Allocations | | Individual Issue/ Fund Limit |
|--|---------------------------|----------------|---|
| | Minimum | Maximum | |
| U.S. Treasury and Federal Agencies | 35% | None | None |
| Corporate Debt Obligations | None | 50% | 5% |
| Mortgage/Asset-Backed Securities | None | 30% | 5% |
| Municipal Securities | None | 20% | 5% |
| Certificates of Deposit | None | 20% | 5% |
| Repurchase Agreements | None | 25% | 15% |
| Local Government Investment Pools | None | 25% | 25% |
| Participation in Collateral or Otherwise | | | |
| Collateralized Debt Instruments (Issuer Level) | None | 20% | 5% |
| Participation in Collateral or Otherwise | | | |
| Collateralized Debt Instruments (Security Level) | None | None | 5% |
| Money Market Mutual/Trust | None | 30% | 15% |
| Yankee and Euro Dollars Securities | None | 15% | 3% |

As of September 30, 2025, the CRA's investment portfolio was in compliance with all diversification requirements of the City's investment policy.

H. Foreign Currency Risk

The CRA is not exposed to this type of risk.

I. Fair Value Measurement

The CRA measures and records its investments using fair value measurement guidelines established in accordance with GASB Statements. The GASB defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques.

These guidelines recognize a three-tiered fair value hierarchy, in order of highest priority, as follows:

- **Level 1:** Investments whose values are based on unadjusted quoted prices for identical investments in active markets that the CRA has the ability to access.
- **Level 2:** Investments whose inputs – other than quoted market prices – are observable either directly or indirectly.
- **Level 3:** Investments whose inputs are unobservable.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the entire fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs. The CRA does not have any investments that are measured using Level 3 inputs.

NOTES TO FINANCIAL STATEMENTS
OCALA COMMUNITY REDEVELOPMENT AGENCY
OCALA, FLORIDA
SEPTEMBER 30, 2025

The following table summarizes the CRA’s investments within the fair value hierarchy at September 30, 2025:

| | <u>Fair Value</u> | <u>Level 1</u> | <u>Level 2</u> |
|---|---------------------|------------------|------------------|
| U.S. Treasury Bond/Note | \$ 3,157,860 | \$ 3,157,860 | \$ - |
| Federal Agency Bond/Note | 460,371 | - | 460,371 |
| Mortgage-Backed Pass-Through Security | 814,265 | - | 814,265 |
| Corporate Notes | 1,937,167 | - | 1,937,167 |
| ABS/MBS | 551,504 | - | 551,504 |
| GSE Collateralized Mortgage Obligations | 4,379 | - | 4,379 |
| Municipal Bond/Note | 22,631 | - | 22,631 |
| Total Investments at Fair Value | <u>6,948,177</u> | <u>3,157,860</u> | <u>3,790,317</u> |
| Investment Measured at NAV | | | |
| Money Market Mutual Fund | 62,354 | | |
| | <u>\$ 7,010,531</u> | | |

Debt securities categorized as Level 1 are valued based on prices quoted in active markets for those securities. Debt securities categorized as Level 2 are valued using a matrix pricing technique that values securities based on their relationship to benchmark quoted prices.

Note 4 - Tax Increment Financing Revenue

The CRA is primarily funded through tax increment financing revenue. The tax increment revenue is calculated by applying the adopted millage rate to the increase in current year taxable assessed valuations within the designated CRA districts, using the year in which they were established as the “base year.” The City and Marion County are required to contribute the following percentages of the incremental property taxes levied each year to the four subareas:

| | <u>City of Ocala</u> | <u>Marion County</u> |
|----------------|----------------------|----------------------|
| Downtown | 95% | 95% |
| North Magnolia | 95% | 95% |
| West Ocala | 75% | 75% |
| East Ocala | 75% | 75% |

Note 5 - Interfund Activity

As of the close of the most recent fiscal year, the CRA had three interfund advances payable. These advances, between the West Ocala subarea and the City’s General Fund, Water Resources Fund, and Electric Fund, were approved by Budget Resolution 2019-180 for the construction of the Ocala Community Center at Reed Place, which is located within the West Ocala subarea. Annual principal and interest payments of \$480,000 are to be made over 20 years at a 2% interest rate.

**NOTES TO FINANCIAL STATEMENTS
 OCALA COMMUNITY REDEVELOPMENT AGENCY
 OCALA, FLORIDA
 SEPTEMBER 30, 2025**

The following tables reflect the interfund advances payable and amounts due to the primary government for the current year:

| Interfund Advances Payable to Primary Government | | | |
|---|-------------------------------|---------------------------------------|----------------------|
| Subarea | Project Description | September 30, 2025 Balance | Interest Rate |
| West Ocala | Community Center Construction | \$ 5,200,000 | 2.0% |
| | | <u>\$ 5,200,000</u> | |

| Due to Primary Government | | |
|----------------------------------|-------------------------------|---------------------------------------|
| Subarea | Project Description | September 30, 2025 Balance |
| West Ocala | Community Center Construction | \$ 400,000 |
| | | <u>\$ 400,000</u> |

REQUIRED SUPPLEMENTARY INFORMATION

OCALA COMMUNITY REDEVELOPMENT AGENCY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
SEPTEMBER 30, 2025

| | Budgeted Amounts | | Actual | Variance |
|--|-------------------------|---------------------|---------------------|----------------------|
| | Original | Final | | |
| Revenues | | | | |
| Property Taxes | \$ 1,969,782 | \$ 1,961,023 | \$ 1,961,024 | \$ 1 |
| Investment Income | - | - | 693,759 | 693,759 |
| Miscellaneous | - | - | 33 | 33 |
| Total Revenues | <u>1,969,782</u> | <u>1,961,023</u> | <u>2,654,816</u> | <u>693,793</u> |
| Expenditures | | | | |
| Current: | | | | |
| Economic Environment | 1,532,240 | 3,450,992 | 977,863 | 2,473,129 |
| Capital Outlay | 2,460,000 | 7,610,412 | 170,641 | 7,439,771 |
| Debt Service: | | | | |
| Interest | - | - | 80,000 | (80,000) |
| Total Expenditures | <u>3,992,240</u> | <u>11,061,404</u> | <u>1,228,504</u> | <u>9,832,900</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(2,022,458)</u> | <u>(9,100,381)</u> | <u>1,426,312</u> | <u>10,526,693</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers in from Primary Government | 3,038,560 | 3,025,050 | 3,025,051 | 1 |
| Transfers out to Primary Government | - | - | (81,361) | (81,361) |
| Total Other Financing Sources (Uses) | <u>3,038,560</u> | <u>3,025,050</u> | <u>2,943,690</u> | <u>(81,360)</u> |
| Net Change in Fund Balance | 1,016,102 | (6,075,331) | 4,370,002 | 10,445,333 |
| Fund Balances, Beginning of Year | <u>5,110,233</u> | <u>5,110,233</u> | <u>5,110,233</u> | <u>-</u> |
| Fund Balances, End of Year | <u>\$ 6,126,335</u> | <u>\$ (965,098)</u> | <u>\$ 9,480,235</u> | <u>\$ 10,445,333</u> |

OTHER REPORTS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Honorable Members of the City Council
Ocala Community Redevelopment Agency
Ocala, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Ocala Community Redevelopment Agency (the CRA) as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the CRA's financial statements and have issued our report thereon dated March 27, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the CRA's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness on the CRA's internal control. Accordingly, we do not express an opinion on the effectiveness of the CRA's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the CRA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on

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The Honorable Members of the City Council
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Ocala, Florida

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the CRA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the CRA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Purvis Gray

March 27, 2026
Ocala, Florida

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTIONS 163.387(6) AND (7), FLORIDA STATUTES

The Honorable Members of the City Council
Ocala Community Redevelopment Agency
Ocala, Florida

We have examined the Ocala Community Redevelopment Agency's (the CRA) compliance with the requirements of Sections 163.387(6) and (7), Florida Statutes, as of and for the year ended September 30, 2025, as required by Section 10.556(10)(f), *Rules of the Auditor General*. Management is responsible for the CRA's compliance with those requirements. Our responsibility is to express an opinion on the CRA's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the CRA complied, in all material respects, with the requirements referenced above. An examination involves performing procedures to obtain evidence about whether the CRA complied with the specific requirements. The nature, timing, and extent of procedures selected depend on our judgement, including an assessment of the risk of material non-compliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the CRA's compliance with specific requirements.

In our opinion, the CRA complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2025.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the CRA, its management, and the Board of Directors of the City of Ocala, Florida, and is not intended to be, and should not be, used by anyone other than these specified parties.

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March 27, 2026
Ocala, Florida

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INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

The Honorable Members of the City Council
Ocala Community Redevelopment Agency
Ocala, Florida

We have examined the Ocala Community Redevelopment Agency's (the CRA) compliance with the requirements of Section 218.415, Florida Statutes, as of and for the year ended September 30, 2025, as required by Section 10.556(10)(a), *Rules of the Auditor General*. Management is responsible for the CRA's compliance with those requirements. Our responsibility is to express an opinion on the CRA's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the CRA complied, in all material respects, with the requirements referenced above. An examination involves performing procedures to obtain evidence about whether the CRA complied with the specific requirements. The nature, timing, and extent of procedures selected depend on our judgement, including an assessment of the risk of material non-compliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the CRA's compliance with specific requirements.

In our opinion, the CRA complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2025.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the CRA, its management, and the Board of Directors of the City of Ocala, Florida, and is not intended to be, and should not be, used by anyone other than these specified parties.

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March 27, 2026
Ocala, Florida

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MANAGEMENT LETTER

The Honorable Members of the City Council
Ocala Community Redevelopment Agency
Ocala, Florida

Report on the Financial Statements

We have audited the financial statements of the Ocala Community Redevelopment Agency (the CRA) as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated March 27, 2026.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, *Rules of the Auditor General*.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's Report on examination conducted in accordance with American Institute of Certified Public Accountants *Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated March 27, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings and recommendations made in the preceding annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government be disclosed in the Management Letter, unless disclosed in the notes to the financial statements (see Note 1 of the CRA's financial statements as of and for the year ended September 30, 2025, for this information).

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the CRA has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identify the specific condition(s) met. In connection with our audit, we determined that the CRA did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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The Honorable Members of the City Council
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 Ocala, Florida

MANAGEMENT LETTER

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures. It is management’s responsibility to monitor the CRA’s financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. In connection with our audit, we identified the following matter:

- **2025-1 CRA Budget:** The Auditor General Compliance Supplement, Section 163.387(6)(b), Florida Statutes, requires the CRA Board of Directors to provide the adopted budget to the County which the CRA is located within 10 days of adoption. The adopted budget and amendments were provided to the County during the year, but not within the required 10 days of adoption. We recommend that the City develop a process after the adoption of the CRA budget that it is then timely sent to the County.

Management Response: Management acknowledges that the notice period was missed due to ongoing preparations for the anticipated Hurricane Helene. Management will make adjustments to provide digital delivery as well for a more expedited notice in the future.

Property Assessed Clean Energy (PACE) Programs

As required by Section 10.554(1)(i)6.a., *Rules of the Auditor General*, the CRA states that a PACE program, authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, operated within the CRA’s geographical boundaries during the fiscal year under audit.

As required by Sections 10.554(1)(i)6.b. and 10.554(1)(i)6.c., *Rules of the Auditor General*, the following are the program administrators and their contact information:

| Program Administrator | Address | Phone Number | Third-Party Administrators |
|--|--|---------------------|--|
| Florida Green Finance Authority | 2501A Burns Rd. Palm Beach Gardens, Florida 33410 | (561) 630-4922 | Petros Pace Finance, LLC 300 Colorado St., Ste 2000 Austin, Texas 78701 Attn: Tommie Deavenport, COO (512) 599-9037 Renew Financial Group LLC 555 12th St., Ste 1650 Oakland, California 94607 Attn: Todd Wodraska (844) 736-3934 |
| Green Corridor Pace District | 5385 North Nob Hill Rd. Sunrise, Florida 33351 | (786) 271-9208 | Ygrene Energy Fund 6303 Blue Lagoon Dr., Ste 400 Miami, Florida 33126 (866) 634-1358 Willdan Financial Services 2401 E Katella Ave., Ste 300 Anaheim, California 92806 (866) 807-6864 |

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| Program Administrator | Address | Phone Number | Third-Party Administrators |
|---|---------|----------------|--|
| Florida Development Finance Corp | | (407) 712-6352 | <p>Allectrify Colin Bishopp - CEO (202) 550-7570 colin@allectrify.com Fran Faulknor - CIO (240) 393-5569 fran@allectrify.com</p> <p>Bayview PACE Joseph Zanzuri - CRE Analyst vjosephzanzuri@bayview.com Danny Roberts - Asst. VP (844) 518-2343 dannyroberts@bayview.com</p> <p>Castle Green Finance Lance Haberin - Managing Director (914) 815-9810 lhabin@castlegreenfinance.com</p> <p>Clearwater PACE Jonathan Seabolt (929) 352-1479 jseabolt@c-pace.com</p> <p>Counterpointe SRE Eric Alini (855) 431-4400 inquiry@counterpointesre.com</p> <p>Dwight Green Finance Joshua Kravitz - CFO (212) 960-3750 info@dwightcap.com</p> <p>Ebee Management Group Teresa Smith - Strategic Growth (419) 340-0420 tsmith@ebeeco.com</p> <p>Enhanced Capital Ian McCulley imcculley@enhancedcapital.com</p> |

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| Program Administrator | Address | Phone Number | Third-Party Administrators |
|-----------------------|---------|--------------|--|
| | | | <p>Imperial Ridge Joel Poppert - Managing Director (303) 390-1655 jpoppert@imperialridgecap.com Kevin Morse - Managing Director (303) 390-1655 kmorse@imperialridgecap.com</p> <p>Lord Capital LLC Stephen Ceurvorst (212) 400-7150 sceurvorst@lordcap.com Joseph Lau - President (212) 400-7150 jlau@lordcap.com</p> <p>North Bridge Laura Rapaport (917) 747-5474 laura@northbridgeops.com</p> <p>North Field Capital Caleb Stokes (917) 349-4101 caleb.stokes@nf-cap.com</p> <p>Nuveen Green Capital Ryan Doyle ryan.doyle@nuveen.com Tara Crotty (917) 208-4016 tara.crotty@nuveen.com</p> <p>PACE Equity Aysha Cox (855) 378-0858 acox@pace-equity.com Pam Haack (855) 378-0858 phaack@pace-equity.com</p> <p>PACE Loan Group Rafi Golberstein - CEO (612) 355-2606 rafi@paceloangroup.com Matthew McCormack - Junior Originator (612) 355-2630 matthew@paceloangroup.com</p> |

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| Program Administrator | Address | Phone Number | Third-Party Administrators |
|-----------------------|---------|--------------|---|
| | | | <p>Peachtree Group Robert Loeb (770) 299-2516 rloeb@stonehillsc.com Allison Neary (470) 298-3715 aneary@stonehillsc.com</p> <p>Petros PACE Finance John Gamm - VP Legal (512) 599-9027 john@petrospartners.com Andy Meyer - SVP (636) 577-0378 andy@petrospartners.com</p> <p>Sustainable Equity, LLC Byron Delear (314) 445-7911 byron@sustainableequity.org</p> <p>White Oak Jeff Habicht (314) 644-4100 jhabicht@whiteoaksf.com</p> |

Special District Component Units

Section 10.554(1)(i)5.c., *Rules of the Auditor General*, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we determined that all special district component units provided the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7, *Rules of the Auditor General*, the CRA reported the following information that was not subject to auditing procedures:

- The total number of district employees compensated in the last pay period of the district’s fiscal year as 0.
- The total number of independent contractors to whom non-employee compensation was paid in the last month of the district’s fiscal year as 0.
- All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$0.

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- All compensation earned by or awarded to non-employee independent contractors, whether paid or accrued, regardless of contingency as \$0.
- Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as:

| Projects | Proposed Budget | 2025 Expenditures |
|------------------|------------------------|--------------------------|
| Ocala Skate Park | \$ 500,000 | \$ 111,250 |

- A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes; see schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual as presented in the financial statements for the year ended September 30, 2025.

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate non-compliance with provisions of contracts or grant agreements, or fraud, waste, or abuse, that has occurred or is likely to have occurred, that has an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, the Honorable Mayor, and the Board of Directors of the City of Ocala, Florida, and management, and is not intended to be, and should not be, used by anyone other than these specified parties.

Purvis Gray

March 27, 2026
Ocala, Florida

PURVIS GRAY

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando | Tampa

purvisgray.com